



**ARKANSAS INSURANCE DEPARTMENT
LEGAL DIVISION**

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Bulletin 11-83

September 2, 1983

**GUIDELINES FOR NON-GUARANTEED COSTS ON
PARTICIPATING AND NON-PARTICIPATING
LIFE INSURANCE**

This Bulletin shall apply to all participating and non-participating life insurance policy forms wherein the premium, cash value, or amount of insurance may be changed unilaterally by the insurance company dependent upon its experience under either mortality, expenses, interest, or combination of the above.

Guideline One. All advertising and solicitation materials referring to such policies shall be carefully reviewed to assure that the risk factor both positive and negative is clearly presented.

Guideline Two. All advertising and solicitation materials and oral presentation must give, to the "maximum cost analysis," prominence at least equal to that given to any "projected cost analysis."

Guideline Three. Any cost analysis or comparison utilizing projected costs shall prominently cite the non-guaranteed nature of such projections and provide similar comparison utilizing guaranteed costs.

Guideline Four. All reserves and guaranteed nonforfeiture values shall be based upon guaranteed costs.

Guideline Five. All such policies must contain guaranteed maximum cost, minimum nonforfeiture values, and minimum amounts of insurance based upon such guaranteed maximum costs.

Guideline Six. The procedure whereby the policyholder is charged less than the guaranteed maximum cost of insurance or is granted a higher accumulation rate than the guaranteed minimum accumulation rate is in effect an abatement of premium. Under Ark. Stat. Ann. § 66-3005(8)(B)(i) such abatement is permissible only if such abatement shall be fair and equitable for policyholders and for the best interests of the company and its policyholders. To assure compliance with these principles, the company must consent to file such abatements with justification before implementation. A consent form is attached hereto as Exhibit A.

Guideline Seven. The filing of any form subject to these guidelines should be accompanied by certification of an officer of the company that these guidelines have been reviewed and that the form complies with these guidelines.

Replacement: This Bulletin is intended to and does replace and expand upon previous Bulletin 4-80 dated August 1, 1980.

Linda N. Garner
INSURANCE COMMISSIONER

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EXHIBIT A (REVISED)

**CONSENT TO SUBMIT RATES AND/OR
COST BASES FOR APPROVAL**

The _____ (“Company”) of _____ does hereby
(Company Name) (City and State)
consent and agree

A) that all premium rates and/or cost bases both “maximum” and “current or projected,” used in relation to policy form number _____ must be filed with the Insurance Commissioner for the State of Arkansas (“Commissioner”) at least sixty (60) days prior to their proposed effective date. Such rates and/or cost bases shall be deemed effective sixty (60) days after they are filed with the Commissioner, unless the Commissioner shall approve or disapprove such rates and/or cost bases prior to the expiration of sixty (60) days.

or

B) that where the policy is a flexible or indeterminate premium whole life policy which provides for frequent changes in interest rates based on financial market conditions, the company may file a range of rates it will stay within and will notify the Department at least sixty (60) days prior to any change in the range of rates. The company must also document the method used to calculate its premium and range of rates.

(Company Name)

By _____
(Name)

(Title or Position)